

## State ties hands with union deal – editorial

At some point, reality will set in at the Capitol. But the governor and the Democrats who control the legislature are still building budget castles in the air. Each side is posturing instead of working toward an agreement that could solve the state's fiscal crisis.

The praise heaped on state workers' unions for their concessions is an example of the air of unreality surrounding the budget crisis.

Their health and job guarantees remain richer than those of many in the private work force. State workers will have to pay \$5, instead of \$3, for generic drugs. They have accepted wage freezes and furloughs. In exchange, the state has promised no layoffs until 2011. In contrast, nearly 60,000 state residents have lost their jobs.

The no-layoff clause takes away one of the state's most effective cost-cutting tools. It leaves in place some 50,000 state workers who Gov. M. Jodi Rell, a Republican, had hoped to streamline.

The workers' concessions are expected to save the state almost \$700 million over the next two years. It may seem a significant sum, but in relation to the state's projected deficits, it is small.

April's tax revenue numbers indicate the depth of the state's financial problem. Final and estimated income tax payments were 40 percent lower than for April 2008. Sales tax receipts were down 24 percent; corporate taxes, 22 percent; real estate conveyance taxes, 52 percent.

For the next two budget years, the state faces a projected deficit of \$8.7 billion. For the budget year that ends June 30, it is short \$1.3 billion to meet its spending obligations. A savings in labor costs of less than \$700 million looks small against \$10 billion in projected red ink.